

Retail Sales Tax and Harmonized Sales Tax Information for the Transfer of Motor Vehicles Between Related Corporations or Corporations/Shareholders

Tax Information

Under certain circumstances **and** with the proper supporting documentation (as outlined below), vehicles may be transferred without payment of the 13% Retail Sales Tax (RST) or the 8% Ontario portion of the Harmonized Sales Tax (HST). The following table outlines what is required from the vehicle recipient (purchaser) at time of transfer:

Location of Transferor (seller):	Transferor (seller) is a GST/HST registrant	Transferor (seller) is NOT a GST/HST registrant
Ontario	Tax will not be charged at time of transfer if the transferor (seller) provides you with a bill of sale (or a letter) with their GST/HST number.	13% RST will be charged unless you claim an exemption (see back for details). To claim the exemption, you must bring the following documents to the ServiceOntario office when you transfer the ownership:
New Brunswick Nova Scotia Newfoundland and Labrador Prince Edward Island	It is the responsibility of the seller and recipient to ensure HST (or an exemption) has been accurately applied. See *Note	<input type="checkbox"/> A copy of the seller's receipt showing they paid (8% or 13%) RST on their original purchase, and <input type="checkbox"/> Sworn Statement for the Transfer of a Used Vehicle in the Province of Ontario (1155) form, and <input type="checkbox"/> Addendum to Sworn Statement when Claiming a Retail Sales Tax Exemption on the Transfer of a Motor Vehicle between Corporations or Corporation and Shareholder (0169) form, accompanied by:
British Columbia Alberta Saskatchewan Manitoba Quebec	The 8% Ontario portion of the HST is applicable at the time of transfer. Recipients (that are GST/HST registrants), that meet the qualifications outlined on Canada Revenue Agency (CRA) forms (RC4616 or GST44), may elect not to pay the 8% HST at the time of transfer. A copy of the form must be provided to ServiceOntario at time of transfer. Incorrect use of these forms could lead to an assessment from the CRA. For questions about your exemption eligibility or use of these forms, contact the CRA at 1-800-959-8287. See *Note	<input type="checkbox"/> a letter from a lawyer/accountant outlining the stated capital of all classes and series of shares of the corporation, the number and stated dollar value of shares in each class and series, the ownership of the shares immediately before the sale and the relationship of the shareholders Important: If the transferor (seller) did not pay RST on their original purchase do not request an exemption. In this case, you must pay the 13% RST. If the transfer is the result of an amalgamation, wind up or dissolution please see the back page (item 4) for additional information that will be required.
Outside Canada	If the Canada Border Services Agency (CBSA) charges the 5% GST on the vehicle at the border, the 8% Ontario portion of the HST will be charged at the time of the ownership transfer. If the CBSA does not charge the 5% GST, no tax will be charged at the time of transfer.	

***Note:** ServiceOntario **does not** verify whether the recipient qualifies for an exemption, they simply permit the transfer if the documentation is presented.

Contact CRA at 1-800-959-8287 to enquire about HST application.

Contact the Ministry of Finance at 1-866-ONT-TAXS (1-866-668-8297) or 1-800-263-7776 Teletypewriter (TTY) or visit [Ontario.ca/finance](https://www.ontario.ca/finance) for information regarding RST.

Retail Sales Tax, Exemption and Refund

The 13% RST is applicable to the transfer of a specified vehicle if the transferor (seller) is located within Canada and is **not** a GST/HST registrant.

RST Exemption (at the time of transfer):

Vehicle recipients (purchasers) may claim an exemption from RST under the following conditions (see front page for documentation requirements):

- A) the transferor (seller) paid the RST on their original purchase, **and**
- B) the transfer is between:
 - an individual and a corporation that the individual wholly owns, or
 - a partnership and a corporation that the partnership wholly owns, or
 - related corporations.

An individual **wholly owns** a corporation if shares representing not less than 95 per cent of the sum of the stated capital of all classes and series of shares of the corporation are owned by the individual or by the individual and one or more members of their family. Member of their family means the father, mother, spouse, grandfather, grandmother, son, daughter, grandson, granddaughter, son-in-law, daughter-in-law, father-in-law or mother-in-law.

A corporation is **related** to another corporation if one corporation wholly owns the other corporation or if both corporations are wholly-owned by the same person.

You Must Pay RST at the Time of Transfer if:

1. You cannot support the condition outlined in A) above. In this case, you will not qualify for a refund of the RST paid.
2. You can support the condition outlined in A) but not B). You may be entitled to a partial refund of the RST paid based on your percentage of ownership in the corporation. You may file a refund claim (see below) along with the required supporting documentation.
3. You are unable to provide all the required documentation at the time of transfer as outlined on the front page (right side). You may file a refund claim (see below) along with the required supporting documentation.
4. The transfer is the result of an amalgamation, wind up or dissolution. You may request an RST authorization letter (in advance of the transfer) from the Ministry of Finance by calling 1-866-ONT-TAXS (1-866-668-8297) or 1-800-263-7776 Teletypewriter (TTY). If you qualify, the authorization letter would permit you to transfer without having to pay RST. If you do not obtain the authorization letter and pay the RST, you may file a refund claim along with the required supporting documentation.

How to Claim a Refund of RST and More Information

To claim a refund of RST paid you must submit an **Application for Refund of Ontario Retail Sales Tax for Motor Vehicles Purchased Privately (1181)** form to the Ministry of Finance, along with the supporting documentation. This form can be found on the Ministry of Finance website at www.fin.gov.on.ca/en/tax/rst/formpub.html If you have further questions about RST please contact the Ministry of Finance at 1-866-ONT-TAXS (1-866-668-8297) or 1-800-263-7776 Teletypewriter (TTY).